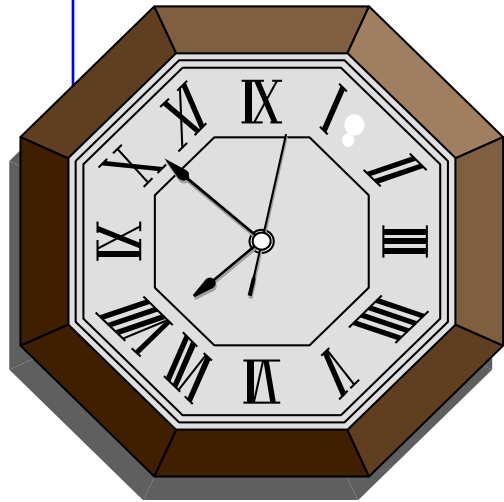


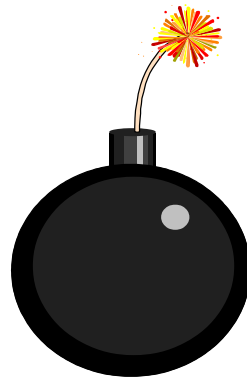
FY99 DCMC PERFORMANCE GOAL 1.2.5

CANCELING FUNDS



Ron Pulos
DCMC District East
Canceling Funds
Process Champion

"Time is running out!"



APPROPRIATION AVAILABILITY

MAJOR CHANGES IN FY 91

➔ PUBLIC LAW 101- 510

- Enacted by Congress on November 5, 1990
- Compelled by need for tighter control and accountability
- Fundamentally restructured appropriation availability
- Incorporated “**canceled**” phase into funding life cycle
 - Funds now required to be not only obligated but also liquidated within specified timeframes

□ **Beginning with FY91 National Defense Authorization Act, and in accordance with PL 101- 510, merged or “M” accounts no longer allowed**

- Three-year phase out for existing M accounts
- As of September 30, 1993, all remaining M account balances canceled

IMPACT OF ADDING “CANCELED” PHASE

- ➔ **Heightened awareness of regulations and restrictions governing appropriations and their use**
- **Tighter adherence to three basic tenets of fiscal law**
 - **Time, purpose, and intent**
- **Availability, obligation, and liquidation of funds more closely monitored**
- **Increased emphasis upon early identification of both excess funds and funds awaiting disbursement**
- **If funds do cancel and are later needed to fulfill prior year's obligation, replacement funds must be withdrawn from current year appropriations**
 - **Budgets continuing to be reduced each fiscal year**
 - **Use of current year funding to settle prior year(s) obligations particularly costly**

IMPACT OF ADDING “CANCELED” PHASE (Cont)

- **Services limited to using 1% of current year funding for replacement of canceled funds**
- **Amounts beyond 1% require Congressional approval**



THREE PHASES IN THE LIFE CYCLE OF FUNDS

■ **CURRENT**: Phase length varies, depending upon type of funds or “color of money” (1, 2, 3, 5 years or Indefinite)

- Appropriation/account is “open”
- Funds available for obligation and disbursement

■ **EXPIRED**: 5 year phase for all funds regardless of type

- Account still open but no longer available for obligation
- Available only for disbursements against

previously incurred obligations, or for certain adjustments to these obligations

■ **CANCELED**: At end of Expired phase



ACCOUNTING CLASSIFICATION DATA

Long Line Accounting Classification Data:

- Comprised of seven to twelve fields of data
- Type of data and field identifiers differ between Services
- All Services do include appropriation symbol in long line

Examples:

Army

AA: 2142020 0132 4 65 7902 P612706 2581 S28017 405203
W15R7

Air Force

AA: 5753010 FA20 11 5 36 WX 10B01B 000000 00000 ICSGAR 503100
F03100

DLA

CG: 9760400 4300 001 00000 260 S36054

Navy

CG: 1731506 47C2 260 01407 0 000383 1F 000383

READING APPROPRIATION SYMBOLS: KEY TO THE LIFE CYCLES OF FUNDS



➔ Appropriation Symbol:

- Part of long line accounting data for all Services
- Identifies source, program year, and purpose of funding
- Consists of three sub-fields:
 - Department Code
 - Fiscal Year
 - Basic Symbol

□ Department Code:

- Identifies Service that received funds from Treasury

Service Dept Code ID

Dept Code ID In MOCAS

●21 - Army

1

●57 - Air Force

2

●97 - OSD (Includes DLA)

3

●17 - Navy

4

READING APPROPRIATION SYMBOLS (Cont)

➔ Fiscal Year:

- Represents year from which funds drawn, program year
- Only last digit of fiscal year appears
- If “X” reflected in fiscal year position
 - Indicates Continuous or Revolving Funds account
 - Indefinite obligation period and funds do not cancel

□ Basic Symbol:

- Identifies specific funds account or “color of money”
- Determines length of time available for obligation
- Obligation timeframes vary depending upon account
 - O&M 1 year
 - RDT&E 2 years
 - Procurement 3 years
 - Military Construction 5 years
 - Ship Conversion Navy (SCN) 5 years
 - FMS (and other special accounts) Indefinite

SAMPLE: COMPUTING THE LIFE CYCLE OF FUNDS

Computing The Life Cycle - Current, Expired, & Canceled:

- **Contract No. DAAB07-88-C0001, ACRN AA**
- **Appropriation Symbol - 2182040 (In Basic Contract)**
 - **Dept Code “21” = Army funds**
 - **Program Year “8” = FY 88 appropriation**
 - **Basic symbol “2040” = RDT & E funds**

Current Phase: RDT & E funds, available 2 years for obligation - Oct 01, 1987 (Beginning of FY88) through Sep 30, 1989 (End of FY89)

Expired Phase: Oct 01, 1989 through Sep 30, 1994

- **Five years between “expiration” and “cancellation”**
- **For all funds except continuous or revolving**

SOME BASIC SYMBOLS:

COLOR OF MONEY AND OBLIGATION

AVAILABILITY

Army

2050,2085,2086,7020	Military Construction	5 years
2031 through 2035	Procurement	3 years
2040	RDT & E	2 years
1705,2010,2020,2065	O&M	1 year
2080, 7025	"	"
4991,4992	Other Indefinite	

Air Force

3300	Military Construction	5 years
3010, 3020,3080	Procurement	3 years
3600	RDT & E	2 years
3400,3500,3700	O&M	1 year
3740,3840,3850	"	"
7045	"	"

SOME BASIC SYMBOLS:

COLOR OF MONEY AND OBLIGATION AVAILABILITY

(Cont)

OSD (Includes DLA)

0500 years	Military Construction	5
0300,0350 3 years	Procurement	
0400,0450,0460 2 years	RDT & E	
0819,0828 “	“	
0100 1 year	O&M	
1611 SCN) 5 years	<u>Navy</u> Ship Conversion Navy	
1205,1235,7030 5 years	Military Construction	
1109 1506 1507	Procurement	

DCMC PERFORMANCE GOAL 1.2.5 - CANCELING FUNDS

□ Ensure 85% of canceling funds do not cancel

- **Objective is two-fold :**

- **First is to identify and effect disbursement of all ULOs, to the greatest extent possible, that would require current year replacement funds if canceled**

- **Second is to influence corrections for all database errors highlighted during DCMC review process**

- **Although primary responsibility for integrity of accounting data belongs to DFAS, errors negatively impact DCMC CAS functions and need to be acted upon**

- **Getting accounting data corrected now can:**

- **Reduce funds (“real” and “phantom”) reported to be canceling and requiring**

DCMC CANCELING FUNDS PROCESS

Identification of Canceling Appropriations:

- Prior to start of each fiscal year, DFAS-CO compiles list of appropriations scheduled to cancel at following FY end
- List sent to other DFAS centers (Denver, Indianapolis, Charleston) for concurrence by Services
- Canceling appropriation data tables are then constructed
 - Tables identify canceling appropriations by their associated Service Dept Code, Fund Code, and (for Air Force only) Program Year
 - Tables loaded into MOCAS (TB8999), and into SDW

Database Queries and Tracking of Funds At Risk:

- Monthly reports/queries are programmed to scan every line of accounting data in

DCMC CANCELING FUNDS PROCESS (Cont)

- Initial scans result in DCMC-wide universe of 45,000 canceling ACRNs
- Program then eliminates all zero balance ACRNs, and universe requiring review narrows to approximately 16,000
- Numbers then flow in and out of base throughout FY

CAO Review/Action Process:

- Reviewing, researching, and analyzing 100% of all ULOs flagged “at risk”
- Identifying “real” unliquidated dollars and initiating actions to resolve/disburse prior to year end:
 - Contacting contractors; sharing data, advising need to submit invoices, vouchers, and proposals ASAP

DCMC CANCELING FUNDS PROCESS (Cont)

CAO Review/Action Process: (Cont)

- **Advising TCOs of any funds at risk pending T for C completion**
- **Teaming between CAOs when workload transfers involved**
 - **Losing and gaining activities working closely to avoid delays and unnecessary loss of funding**
- **Identifying “phantom funds”(database or contract errors) and requesting corrective actions:**
 - **Submitting requests for reconciliation and/or database adjustments to DFAS**
 - **Advising PCOs if error is result of incorrectly written contract or modification**

FREQUENTLY ASKED QUESTIONS

■ Why do new contracts or ACRNs suddenly appear in the canceling funds report, or why does a previously reported ULO suddenly increase?

- DFAS reconciling and adjusting accounting data
 - May increase previously reported ULOs**
 - Sometimes funds moved to ACRNs not previously reflecting ULOs****
- Contract Transfers
 - Workloads moving between CAOs and Districts**
 - Transfers from outside DFAS Columbus or between DFAS payment divisions
 - When mass load transfer method not utilized, full obligation and ULO must be reestablished, and prior disbursements then re-posted based upon payment certification from losing activity/division******

FREQUENTLY ASKED QUESTIONS (Cont)

- (PCO mod, incorrect accounting data cont.)
 - Mod issued, erroneously increases or incorporates funds from account already scheduled to cancel
 - Since ready to cancel, obligation authority has “expired” and modification action in error
 - Corrective modification required
- Late receipt by DFAS of notification from Services, regarding canceling appropriation not previously identified
 - Services not always responding timely to DFAS request for canceling appropriation list concurrence
 - If changes received late in FY, DFAS required to add to MOCAS/SDW Tables
 - Next report generated incorporates data for newly affected contracts and ACRNs.

FREQUENTLY ASKED QUESTIONS (Cont)

□ Why do the 690D numbers differ from the numbers being reported in the SDW reports?

- Some differences due to each report being a single “snapshot” of MOCAS database, taken at different times**
- Discrepancies noted are most often a result of the way each report is programmed to summarize the total funds reported as canceling**
 - Major changes were needed to 690 method of totaling the ULOs**
 - Updated method was incorporated into SDW query, and has been used all FY99 for tracking process**
 - Following slides provide brief explanation of the specific changes**

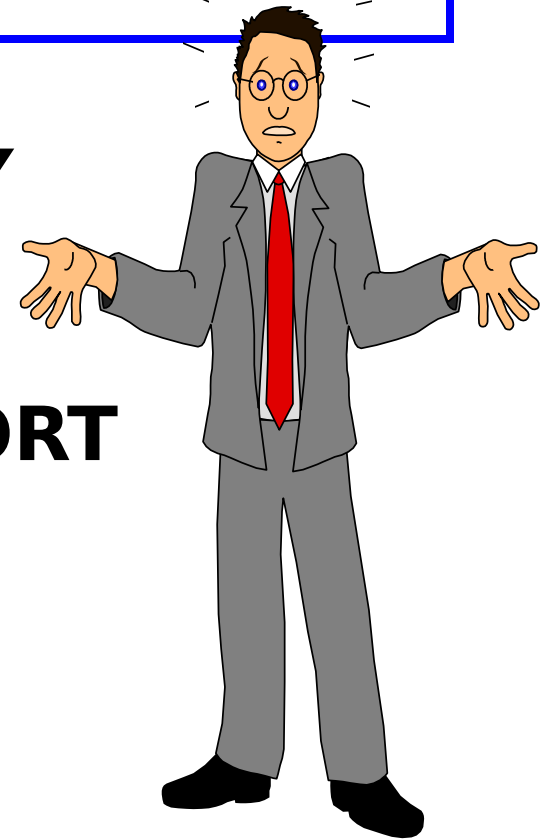
FY99 DCMC PERFORMANCE GOAL

1.2.5

CANCELING FUNDS MEASURE

**“AT RISK ULO”
FY99 CANCELING FUNDS**

**SDW CANNED QUERY
“AT RISK ULO”
VS.
MOCAS UNFA690 REPORT
“TOTAL-ULO”**



Canceling Funds WAS Measured By 690D “Total-ULO”

- **MOCAS UNFA690D, CAO Canceling Funds Report
Contains Four Basic Type ULOs, Merged Into Two Net Totals:**
 - ▣ **Positive Material ULOs plus Negative Material ULOs
EQUALS NET “TOTAL-ULO”**
 - and**
 - ▣ **Unliquidated (Negative “W”) Progress Payment ULOs

plus
Overliquidated (Positive “W”) Progress Payments
EQUALS NET “TOTAL-WIP”**
- **Merging Of Various Material ULOs (Negative With
Positive), No Consideration Given To Funds Already
Disbursed Via Progress Payments (Unliquidated), Plus No
Accounting For Overliquidated Progress Payments,
Resulted In Distorted Summary Of Funds Considered “At
Risk” And Reviewed**

Canceling Funds NOW Measured By SDW “At Risk ULO”

- **SDW Canceling Funds Query Provides One “At Risk ULO”**
 - **New Calculation for Estimating Funds “At Risk”**
 - **Negative ULOs No Longer “Netted” With Positive ULOs**
 - **Material ULOs adjusted for outstanding WIP payments**
- **Process measured by SDW “At Risk ULO”, not 690 report**
 - ▣ **Positive Material ULOs (Including Positive “H” Withholds) plus Unliquidated (Negative “W”) Progress Payments ULOs plus Overliquidated (Positive “W”) Progress Payments ULOs**
EQUALS “AT RISK ULO”
- **Further Refinement Needed:**
 - **Still creating negative ULOs and skewing totals when unliquidated (cr) WIP greater than material ULO is subtracted in query computation**
 - **Need program revision: only deduct amounts equal to or less than material ULO remaining on same ACRN**